

Message Text

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PAGE 01 JAKART 09786 201043Z
ACTION EA-12

INFO OCT-01 ISO-00 SP-02 ICA-11 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00 FRB-03
INR-10 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /091 W
-----113400 201049Z /21

P R 200943Z JUL 78
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC PRIORITY 288
INFO USDOC WSHDC
AMCONSUL HONG KONG
AMEMBASSY SINGAPORE
AMEMBASSY TOKYO

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DEPARTMENT PASS EXIMBANK

EA/TIMBS FOR AMBASSADOR MASTERS

E.O. 11652: NA
TAGS: BEXP, ID
SUBJECT: TRANSMIGRATION PROGRAM

REF: (A) JAKARTA, (B) JAKARTA 9729

1. WE CALLED UPON NEWLY APPOINTED SECRETARY GENERAL OF DEPARTMENT OF PUBLIC WORKS, JULIANTO, CONCERNING EQUIPMENT FOR TRANSMIGRATION PROGRAM. JULIANTO SAID THAT NO FIRM DECISION HAS YET BEEN MADE ON FINANCIAL ARRANGEMENTS FOR TRANSMIGRATION EQUIPMENT REQUIREMENTS, BUT THAT TOP POLITICAL LEVELS OF THE GOI ARE PUSHING HARD FOR RAPID IMPLEMENTATION OF PROGRAM.

2. JULIANTO, WHO UNTIL LAST WEEK WAS DIRECTOR GENERAL FOR MONETARY AFFAIRS, DEPARTMENT OF FINANCE, EXPLAINED
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THAT GOI RELUCTANCE TO GIVE GUARANTY (REFTEL A) WAS BASED ON THEIR CONCERN ABOUT INDONESIA'S DEBT-SERVICE RATIO. ALTHOUGH HE RECOGNIZED THAT DIRECT GOVERNMENT PURCHASES OR DIRCT LEASING OF THE EQUIPMENT MIGHT BE SIMPLER AND PERHAPS EVEN MORE ADVANTAGEOUS, HE BELIEVED THAT GOI INCLINED TO LET CONTRACTORS HANDLE EQUIPMENT. HE WAS AWARE OF RECENT TELEX EXCHANGES WITH EXIM

AND WE INFORMED HIM OF STRONG INTEREST BY U.S. COMPANIES
IN THIS PROGRAM.

3. COMMENTS: ALTHOUGH JULIANTO IS CURRENTLY OUT OF THE
MAINSTREAM OF GOI'S FINANCIAL DECISION PROCESS, HE EXPECTS
TO HAVE AN IMPORTANT COORDINATING ROLE FOR THE VARIOUS
COMPONENTS OF PUBLIC WORKS (IRRIGATION, HIGHWAY CON-
STRUCTION, AND HOUSING) AND LIKELY WILL CARRY SOME IN-
FLUENCE AS THE INTERNAL DELIBERATIONS AND DEBATES ABOUT
IMPLEMENTATION OF THE PROGRAM CONTINUE. HIS COMMENTS
CORROBORATE OUR EARLIER IMPRESSIONS THAT GOI INTENDING
TO PUCH AHEAD RAPIDLY. HE SAID THAT TENDERS WOULD BE
LET NEXT OCTOBER; HOWEVER, HE WAS NOT SURE IF TENDERS
WOULD BE FOR CONTRACTORS OR FOR OUTRIGHT PURCHASES, OR
FOR LEASING. IF INDEED INVITATIONS FOR TENDERS WILL NOT OCCUR
UNTIL OCTOBER, THIS WILL BUY TIME FOR U.S. SUPPLIERS TO
PLAN THEIR STRATEGY AND OFFERS.
MEANWHILE, IT IS CLEAR THAT THE FINANCIAL SIDE OF THE
GOI DOES NOT WISH TO HAVE THE PROGRAM ADVERSELY AFFECT
THE DEBT-SERVICE RATIO PROMPTING A RELUCTANCE TO ISSUE
GUARANTEES FOR THE PROGRAM AND A GROPING FOR WAYS AND
MEANS TO AVOID DIRECT EQUIPMENT PURCHASES. SITUATION
REMAINS FLUID BUT WE WILL REPORT FURTHER DEVELOPMENTS.
CHARGE HAS APPOINTMENT WITH MINISTER OF PUBLIC WORKS
MONDAY, JULY 24.

GARDNER
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NNN

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